

**STATE BOARD OF ACCOUNTS**  
**302 West Washington Street**  
**Room E418**  
**INDIANAPOLIS, INDIANA 46204-2769**

EXAMINATION REPORT  
OF  
TOWN OF PORTER  
PORTER COUNTY, INDIANA  
January 1, 2006 to December 31, 2007



**FILED**  
05/13/2008



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OFFICIALS

<u>Office</u>	<u>Official</u>	<u>Term</u>
Clerk-Treasurer	Carol Pomeroy	01-01-04 to 12-31-11
President of the Town Council	Sandi Snyder	01-01-06 to 05-10-06
	Paul Childress	05-23-06 to 12-31-06
	William Sexton	01-01-07 to 12-31-08



**STATE OF INDIANA**  
AN EQUAL OPPORTUNITY EMPLOYER

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INDEPENDENT ACCOUNTANT'S REPORT

TO: THE OFFICIALS OF THE TOWN OF PORTER, PORTER COUNTY, INDIANA

We have examined the financial information presented herein of the Town of Porter, for the period of January 1, 2006 to December 31, 2007. The Town's management is responsible for the financial information presented herein. Our responsibility is to express an opinion based on our examination.

Our examination was conducted in accordance with attestation standards established by the American Institute of Certified Public Accountants and, accordingly, included examining, on a test basis, evidence supporting the financial information presented herein and performing such other procedures as we considered necessary in the circumstances. We believe that our examination provides a reasonable basis for our opinion.

In our opinion, the financial information referred to above presents fairly, in all material respects, the financial information of the Town for the years ended December 31, 2006 and 2007, based on the criteria set forth in the uniform compliance guidelines established by the Indiana State Board of Accounts.

The Schedule of Capital Assets and Schedule of Long-Term Debt, as listed in the Table of Contents, are presented for additional analysis and are not required parts of the basic financial information. They have not been subjected to the examination procedures applied to the basic financial information, and accordingly, we express no opinion on them.

STATE BOARD OF ACCOUNTS

March 17, 2008

TOWN OF PORTER  
SCHEDULES OF RECEIPTS, DISBURSEMENTS, AND CASH AND INVESTMENT BALANCES  
ALL GOVERNMENTAL, PROPRIETARY, AND FIDUCIARY FUND TYPES  
As Of And For The Years Ended December 31, 2006 And 2007

	Cash and Investments 01-01-06	Receipts	Disbursements	Cash and Investments 12-31-06
<b>Governmental Funds:</b>				
General	\$ 152,416	\$ 2,335,095	\$ 1,867,508	\$ 620,003
Motor Vehicle Highway	171,940	453,712	390,409	235,243
Local Road and Street	42,424	66,231	19,351	89,304
Park and Recreation	53,175	122,488	117,146	58,517
Park and Police Donations	6,006	1,025	1,664	5,367
Law Enforcement Continuing Education	8,906	8,154	1,350	15,710
Redevelopment Commission	924,325	1,122,826	932,056	1,115,095
Fire	32,133	198,758	169,407	61,484
Fire Grants	60	-	-	60
Fire DNR Grant	-	1,607	1,607	-
Police Grants	-	1,835	1,835	-
Debt Service	21	132,223	122,600	9,644
Cumulative Capital Improvement	20,304	26,862	-	47,166
Cumulative Capital Development	57,949	40,601	45,806	52,744
County Economic Development Income Tax (CEDIT)	259,214	485,844	546,652	198,406
Local Major Moves Construction	-	618,335	-	618,335
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	208,372	1,115,364	1,178,225	145,511
Wastewater Utility - Bond and Interest	117,415	95,075	123,983	88,507
Wastewater Utility - Depreciation	151,067	1,530	-	152,597
Wastewater Utility - Construction	845,799	351,573	1,099,000	98,372
<b>Fiduciary Funds:</b>				
Park Hall Deposits	6,803	11,945	14,345	4,403
Police Officers' Pension	4,929	24,198	24,032	5,095
Sewer Payroll Transfer	8,668	226,858	228,838	6,688
Payroll	7,059	305,161	304,232	7,988
<b>Totals</b>	<b>\$ 3,078,985</b>	<b>\$ 7,747,300</b>	<b>\$ 7,190,046</b>	<b>\$ 3,636,239</b>

	Cash and Investments 01-01-07	Receipts	Disbursements	Cash and Investments 12-31-07
<b>Governmental Funds:</b>				
General	\$ 620,003	\$ 1,407,917	\$ 1,738,392	\$ 289,528
Motor Vehicle Highway	235,243	477,775	675,669	37,349
Local Road and Street	89,304	67,122	97,094	59,332
Park and Recreation	58,517	102,599	139,360	21,756
Park and Police Donations	5,367	2,500	2,497	5,370
Law Enforcement Continuing Education	15,710	13,663	7,360	22,013
Rainy Day	-	213,043	131,100	81,943
Redevelopment Commission	1,115,095	1,031,259	1,905,144	241,210
Fire	61,484	167,708	204,538	24,654
Fire Grants	60	-	-	60
Fire DNR Grant	-	1,953	1,953	-
Debt Service	9,644	110,052	102,100	17,596
Cumulative Capital Improvement	47,166	36,107	24,407	58,866
Cumulative Capital Development	52,744	20,483	71,543	1,684
County Economic Development Income Tax (CEDIT)	198,406	315,420	178,707	335,119
Local Major Moves Construction	618,335	-	100,000	518,335
<b>Proprietary Funds:</b>				
Wastewater Utility - Operating	145,511	1,505,121	1,425,729	224,903
Wastewater Utility - Bond and Interest	88,507	9,135	97,500	142
Wastewater Utility - Depreciation	152,597	829	8,513	144,913
Wastewater Utility - Construction	98,372	36,904	-	135,276
Storm Water Utility - Operating	-	82,484	15,738	66,746
<b>Fiduciary Funds:</b>				
Park Hall Deposits	4,403	12,425	11,745	5,083
Police Officers' Pension	5,095	26,946	26,229	5,812
Sewer Payroll Transfer	6,688	200,995	200,995	6,688
Payroll	7,988	325,703	324,959	8,732
<b>Totals</b>	<b>\$ 3,636,239</b>	<b>\$ 6,168,143</b>	<b>\$ 7,491,272</b>	<b>\$ 2,313,110</b>

The accompanying notes are an integral part of the financial information.

TOWN OF PORTER  
NOTES TO FINANCIAL INFORMATION

Note 1. Introduction

The Town was established under the laws of the State of Indiana. The Town provides the following services: public safety, health and social services, culture and recreation, general administrative, and wastewater services.

Note 2. Fund Accounting

The Town uses funds to report on its cash and investments and the results of its operations on a cash basis. Fund accounting is designed to demonstrate legal compliance and to aid financial management by segregating transactions related to certain governmental functions or activities.

Note 3. Budgets

The operating budget is initially prepared and approved at the local level. In addition, funds for which property taxes are levied or highway use taxes are received are subject to final approval by the Indiana Department of Local Government Finance.

Note 4. Property Taxes

Property taxes levied are collected by the County Treasurer and are distributed to the Town in June and December. State statute (IC 6-1.1-17-16) requires the Indiana Department of Local Government Finance to establish property tax rates and levies by February 15. These rates were based upon the preceding year's March 1 (lien date) assessed valuations adjusted for various tax credits. Taxable property is assessed at 100% of the true tax value (determined in accordance with rules and regulations adopted by the Indiana Department of Local Government Finance). Taxes may be paid in two equal installments which become delinquent if not paid by May 10 and November 10, respectively.

Note 5. Deposits and Investments

Deposits, made in accordance with Indiana Code 5-13, with financial institutions in the State of Indiana at year end were entirely insured by the Federal Depository Insurance Corporation or by the Indiana Public Deposit Insurance Fund. This includes any deposit accounts issued or offered by a qualifying financial institution.

State statute (IC 5-13-9) authorizes the Town to invest in securities including, but not limited to, federal government securities, repurchase agreements, and certain money market mutual funds. Certain other statutory restrictions apply to all investments made by local governmental units.

TOWN OF PORTER  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Note 6. Pension Plan

Public Employees' Retirement Fund

Plan Description

The Town contributes to the Indiana Public Employees' Retirement Fund (PERF), a defined benefit pension plan. PERF is an agent multiple-employer public employee retirement system, which provides retirement benefits to plan members and beneficiaries. All full-time employees are eligible to participate in this defined benefit plan. State statutes (IC 5-10.2 and 5-10.3) govern, through the PERF Board, most requirements of the system, and give the Town authority to contribute to the plan. The PERF retirement benefit consists of the pension provided by employer contributions plus an annuity provided by the member's annuity savings account. The annuity savings account consists of members' contributions, set by state statute at 3% of compensation, plus the interest credited to the member's account. The employer may elect to make the contributions on behalf of the member.

PERF administers the plan and issues a publicly available financial report that includes financial statements and required supplementary information for the plan as a whole and for its participants. That report may be obtained by contacting:

Public Employees' Retirement Fund  
Harrison Building, Room 800  
143 West Market Street  
Indianapolis, IN 46204  
Ph. (317) 233-4162

Funding Policy and Annual Pension Cost

The contribution requirements of the plan members for PERF are established by the Board of Trustees of PERF.

Note 7. Reclassifications

For the year ended December 31, 2007, certain changes have been made to the financial statements to more appropriately reflect financial activity of the Town. The following schedule presents a summary of restated beginning balances by fund. New Funds represents the combining and separating of prior report funds.

TOWN OF PORTER  
NOTES TO FINANCIAL INFORMATION  
(Continued)

Fund	Balance as Reported December 31, 2005	Fund Reclassification	New Funds	Balance as Restated January 1, 2006
Park Donations	\$ 4,510	\$ (4,510)	\$ -	\$ -
Police Donations	1,496	(1,496)	-	-
Park and Police Donations	-	-	6,006	6,006
Payroll	20,656	(20,656)	-	-
Police Officers' Pension	-	-	4,929	4,929
Sewer Payroll Transfer	-	-	8,668	8,668
Payroll	-	-	7,059	7,059

Note 8. Subsequent Event

Reassessment and Property Taxes

In accordance with state statutes, all counties were required to reassess property values prior to billing taxes in 2005 through 2007. Significant delays in the reassessment process have resulted in delays in billing taxes in 2005 through 2007. The late billing has delayed timely property tax distributions to the Town. The 2007 tax bills were not sent out until December 2007, with a due date of January 11, 2008. As of March 17, 2008, taxes received by the County have not yet been distributed.

TOWN OF PORTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF CAPITAL ASSETS

For The Year Ended December 31, 2007

Capital assets are reported at actual or estimated historical cost based on appraisals or deflated current replacement cost. Contributed or donated assets are reported at estimated fair value at the time received.

<u>Primary Government</u>	<u>Ending Balance</u>
Governmental activities:	
Capital assets, not being depreciated:	
Land	\$ 1,437,500
Infrastructure	6,825,465
Buildings	3,315,000
Machinery and equipment	<u>1,690,474</u>
 Total governmental activities, capital assets not being depreciated	 <u>\$ 13,268,439</u>

<u>Primary Government</u>	<u>Ending Balance</u>
Business-type activities:	
Wastewater Utility:	
Capital assets, not being depreciated:	
Improvements other than buildings	<u>\$ 4,772,343</u>

TOWN OF PORTER  
 SUPPLEMENTARY INFORMATION  
 SCHEDULE OF LONG-TERM DEBT  
 For The Year Ended December 31, 2007

The Town has entered into the following debt:

Description of Debt	Ending Principal Balance	Principal and Interest Due Within One Year
Governmental Activities:		
Capital leases:		
Police Station	\$ 600,000	\$ 154,073
Wheel Loader	86,706	31,815
Brush Chipper	36,599	13,260
Police Car	19,576	19,576
2006 Silverado	11,541	6,388
2005 Silverado	10,305	5,703
2006 Silverado	9,501	5,258
Notes and loans payable	<u>101,485</u>	<u>19,738</u>
Total governmental activities debt	<u>\$ 875,713</u>	<u>\$ 255,811</u>
Business-type Activities:		
Wastewater Utility		
Revenue bond:		
1997 Refunding	<u>\$ 95,000</u>	<u>\$ 97,375</u>

TOWN OF PORTER  
EXAMINATION RESULTS AND COMMENTS

RECEIPTS

1. In many instances receipts were not deposited by the next business day, at times being held up to 11 days.
2. Receipts composed of both cash and checks did not indicate the amount of each.
3. Personal checks were being cashed from collections.
4. In some instances, receipts were found voided but the original receipt was not retained.

Indiana Code 5-13-6-1(c) states in part: "Except as provided in subsection (d), all local officers, except township trustees, who collect public funds of their respective political subdivisions, shall deposit funds not later than the business day following the receipt of funds on business days of the depository in the depository or depositories selected by the several local boards of finance that have jurisdiction of the funds. . . . Public funds deposited under this subsection shall be deposited in the same form in which they were received."

Indiana Code 5-13-6-1(d) states in part: "A city (other than a consolidated city) or a town shall deposit funds not later than the next business day for the receipt of the funds in depositories . . ."

Controls over the receipting, disbursing, recording, and accounting for the financial activities are necessary to avoid substantial risk of invalid transactions, inaccurate records and financial statements and incorrect decision making. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

CONTRACTS

The Town of Porter has continued to uphold their part of an agreement with Northern Indiana Public Service Company (NIPSCO) without a valid contract. The original contract between the Town of Porter and NIPSCO expired on December 31, 1990, and has not been renewed.

Payments made or received for contractual services should be supported by a written contract. Each governmental unit is responsible for complying with the provisions of its contracts. (Accounting and Uniform Compliance Guidelines Manual for Cities and Towns, Chapter 7)

REDEVELOPMENT COMMISSION MINUTES

Minutes for July through September of 2006 and March and November of 2007 of the Redevelopment Commission were not available for examination.

Indiana Code 5-14-1.5-4 states in part:

"(b) As the meeting progresses, the following memoranda shall be kept:

- (1) The date, time, and place of the meeting.

TOWN OF PORTER  
EXAMINATION RESULTS AND COMMENTS  
(Continued)

- (2) The members of the governing body recorded as either present or absent.
- (3) The general substance of all matters proposed, discussed, or decided.
- (4) A record of all votes take, by individual members if there is a roll call.
- (5) An additional information required under IC 5-1.5-2-2.5 or IC 20-12-63-7."

REDEVELOPMENT COMMISSION BANK ACCOUNT RECONCILIATIONS

Depository reconciliations of the fund balances to the bank account balances were not presented for examination by the Redevelopment Commission.

Indiana Code 5-13-6-1(e) states in part: "All local investment officers shall reconcile at least monthly the balance of public funds, as disclosed by the records of the local officers, with the balance statements provided by the respective depositories."

REDEVELOPMENT COMMISSION RECORDS

The Treasurer for the Redevelopment Commission maintains all of the financial records for the Commission using "Excel," a commercial software package. The software is used for the preparation of the ledger and accounts payable vouchers. Such records are not maintained on prescribed forms. Receipts are not being written for the taxes and other revenues collected.

Indiana Code 36-7-14-8 (b) states: "The redevelopment commission may appoint a treasurer who need not be a member of the redevelopment commission. The redevelopment commission may provide for the payment of compensation to a treasurer who is not a member of the redevelopment commission. Notwithstanding any other provision of this chapter, the treasurer has charge over and is responsible for the administration, investment, and disbursement of all funds and accounts of the redevelopment commission in accordance with the requirements of this chapter. However, the treasurer may not perform any duties of the fiscal officer or any other officer of the unit that are prescribed by section 24 of this chapter or by any provisions of this chapter that pertain to the issuance and sale of bonds, notes, or warrants of the special taxing district."

Indiana Code 5-11-1-11 states: "There shall be kept in the office of each public officer, board, commission, agency, instrumentality, and institution in this state, a record of money collected for the public treasury, the forms and records for which, for each class of offices, shall be devised and formulated by the state board of accounts. Such records as are provided for in this section shall be public records and must be accessible to the public during regular office hours."

TOWN OF PORTER  
EXIT CONFERENCE

The contents of this report were discussed on March 17, 2008, with William Sexton, President of the Town Council; and Carol Pomeroy, Clerk-Treasurer. The officials concurred with our findings.